

OGC HAS REVIEWED.

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Director of Training

8 July 1952

General Counsel

Consultants

1. Your memorandum of 7 July points out that three proposed consultants have suffered financially because of a last-minute turndown by Security. In paragraph 6, [REDACTED] recommends compensating them for their expenditures and that "we" take the initiative in asking them to submit claims. It would be most improper for us to suggest the initiation of claims and, in fact, it would be a violation of a federal statute. As to compensation, the basic point lies in the firm rule that no commitments can be made to prospective employees until Security clearance has been obtained. Consequently, any moves made on the prospective employment are at the employee's risk, and if he suffers loss through failure of the Agency to bring him on duty, the loss is personal and he has no claim for compensation.

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2. If one or more of these proposed consultants is in possession of material believed to be of value, there is no legal objection to negotiations with the individual for purchase of such material at a reasonable price. Such price would in no way be related to the individual's financial loss but would be based on the fair value of the material procured. [REDACTED] will be glad to assist in working out procurement details if you believe this material should be purchased.

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LAWRENCE R. HOUSTON

OGC/LRH:mb:kr

Distribution:

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original picked up by [REDACTED]
8 July 52

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